

Message Text

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ACTION EB-11

INFO OCT-01 ISO-00 AGR-20 CEA-02 CIAE-00 COME-00 DODE-00

FRB-02 H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-10

PA-04 RSC-01 AID-20 CIEP-02 SS-20 STR-08 TAR-02

TRSE-00 USIA-15 PRS-01 SPC-03 FEA-02 OMB-01 DRC-01

AF-10 ARA-16 EA-11 EUR-25 NEA-10 IO-14 OIC-04 SIL-01

/247 W

----- 003103

R 171626Z JAN 74

FM USMISSION GENEVA

TO SECSTATE WASHDC 3418

INFO USUN NEWYORK 9954

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PASS COMMERCE

E.O. 11652: N/A

TAGS: ETRD, GATT, UNCTAD

SUBJ: GATT/UNCTAD ITC JAG MEETING

REF: (A) STATE 8874 (B) GENEVA 136 (C) GENEVA 6728

BEGIN SUMMARY: STATE'S 8874 WAS RECEIVED IN GENEVA AFTER ADMINISTRATIVE AND FINANCIAL RECOMMENDATIONS OF TECHCOM HAD BEEN DISCUSSED IN JAG, DURING COURSE OF WHICH US DEL JOINED VIRTUALLY ALL OTHER DELEGATIONS IN STRONGLY SUPPORTING TECHCOM RECOMMENDATIONS. SUBSEQUENTLY, US DEL ASSOCIATED ITSELF WITH COMMENTS OF GERMAN DEL TO EFFECT THAT FINAL DECISION ON IMPLEMENTATION OF CW 212 WOULD HAVE TO BE LEFT TO ITC GOVERNING BODIES AND NOTED THAT SUB-ALLOTMENT OF UNDP PROJECTS TO ITC SHOULD TAKE PLACE ONLY WHEN FEASIBLE. BOTH TECHCOM AND JAG

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CONCLUDED THAT PROVISIONAL ADMINISTRATIVE ARRANGEMENTS

INSTITUTED IN 1973 ARE SERIOUSLY HAMPERING ITC PROGRAM DELIVERY. US DEL STRONGLY RECOMMENDS THAT US SUPPORT RECOMMENDATIONS OF JAG WHEN THEY ARE CONSIDERED IN OTHER BODIES. END SUMMARY

1. REFTEL (A) RECEIVED GENEVA JANUARY 16 AFTER ADMINISTRATIVE ARRANGEMENTS DESCRIBED PARAS 1-3 HAD ALREADY BEEN DISCUSSED. US DEL HAD RECEIVED NO RESPONSE TO PRIORITY REFTEL (B) BY JANUARY 15 WHICH WAS OPENING DAY OF JAG, AS REPORTE ADP000
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ACTION EB-11

INFO OCT-01 ISO-00 DRC-01 AF-10 ARA-16 EA-11 EUR-25 NEA-10

RSC-01 AGR-20 CEA-02 CIAE-00 COME-00 DODE-00 FRB-02

H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-10 PA-04

AID-20 CIEP-02 SS-20 STR-08 TAR-02 TRSE-00 USIA-15

PRS-01 SPC-03 FEA-02 OMB-01 IO-14 OIC-04 SIL-01 /247 W
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R 171626Z JAN 74
FM USMISSION GENEVA
TO SECSTATE WASHDC 3419
INFO USUN NEWYORK 9955

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PASS COMMERCE

7. ATTEMPT TO REVERSE POSITION ON RETURN TO CW 212 AT LATE DATE WOULD HAVE CARRIED SERIOUS RISK OF UNDERMINING US CREDIBILITY IN JAG, BUT FORTUNATELY WE WERE ABLE TO SIDESTEP THIS DIFFICULTY (SEE PARA 9 BELOW). IN THIS REGARD, IT SHOULD BE NOTED THAT JAG'S MANDATE IS ADVISORY ONLY AND IT IS NOT EMPOWERED TO TAKE ANY FINAL DECISIONS. THERE WILL BE AMPLE OPPORTUNITY FOR FURTHER REVIW OF THIS MATTER BY ITC GOVERNING BODIES IN LIGHT OF ADVICE THAT WILL BE GIVEN TO THEM BY THE JAG, REGARDLESS OF POSITON TAKEN BY US.

8. IMPORTANT TO NOTE THAT JAG WAS SO OVERWHELMINGLY IN FAVOR OF RETURN TO CW 212 THAT NO LATE RESERVATION BY US DEL COULD HAVE CHANGED JAG'S ADVICE TO RETURN TO CW 212. ONLY RESERVATION WAS EXPRESSED BY GERMANY. THOSE SPEAKING IN SUPPORT: CANADA, SWITZERLAND,POLAND, ALL NORDIC COUNTRIES, ALL LATIN AMERICAN COUNTRIES, ALL

ASEAN COUNTRIES, PLUS TURKEY, BANGLADESH,
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SRI LANKA, KENYA, NIGERIA.

9. IN SPITE OF MISGIVINGS NOTED ABOVE, US REP TOOK FLOOR PURSUANT TO INSTRUCTIONS RECEIVED WEDNESDAY MORNING (JAN 16) TO EMPHASIZE THAT JAG WAS ADVISORY BODY ONLY AND ANY DECISION REGARDING RETURN TO CW 212 COULD ONLY BE MADE BY GOVERNING BODIES. US DEL WAS ABLE TO MINIMIZE DAMAGE TO US POSITION AND AVOID APPEARANCE OF DISORDERLY RETREAT BY ASSOCIATING WITH REMARKS TO THIS EFFECT THAT WERE MADE BY MALAYSIAN AND GERMAN DELEGATES. US DEL LSO MADE POINT THAT SUB-ALLOTMENT OF UNDP PROJECTS TO ITC SHOULD TAKE PLACE ONLY WHEN FEASIBLE.

10. WHEN RECOMMENDATIONS OF JAG ARE CONSIDERED LATER BY OTHER BODIES, US DEL STRONGLY RECOMMENDS US SUPPORT THEM. OF CRITICAL IMPORTANCE TO ENTIRE ISSUE ARE THREE ELEMENTS: (A) RECENT ADMINISTRATIVE ARRANGEMENTS, PARTICULARLY INCLUDING SUDDEN ENCROACHMENT OF UNCTAD INTO ITC AFFAIRS WITHIN PAST YEAR, HAVE SERIOUSLY DAMAGED EFFICIENCY OF ITC. (B) ITC IS NOT A UN BODY, AND THUS WHATEVER ADMINISTRATIVE ARRANGEMENTS ARE ADOPTED FOR IT HAVE NO IMPLICATIONS FOR UN SYSTEM. REGULAR BUDGET OF ITC IS ONLY 50 PCT UN (VIA UNCTAD), AND TOTAL BUDGET, INCLUDING BOTH BILATERAL TRUST FUNDS AND UNDP PROJECTS, IS STILL HALF FINANCED FROM NON-UN SOURCES. (C) BOTH UN AND UNCTAD WERE REPRESENTED AT ALL SESSIONS AND THEIR ARGUMENTS DID NOT SWAY ANY DELEGATES. THEY DID NOT DIRECTLY CHALLENGE CONTENTION THAT RETURN TO CW 212 AND SUB-ALLOTMENT OF UNDP PROJECTS WOULD RESULT IN OPERATIONAL EFFICIENCIES BUT RATHER STRESSED PROCEDURES AND RULES. THESE, IT WAS WIDELY AGREED BY JAG DELEGATES, NEED NOT NECESARILY APPLY TO ITC.

11. ITC DIRECTOR FOR PROGRAMS TOLD TECHCOM THAT PROVISIONAL ARRANGEMENTS SUBSTITUTED FOR CW 212 IN 1973 INTRODUCED ADMINISTRATIVE DELAYS WHICH PREVENTED HIM FROM SPENDING ALL OF FUNDS AVAILABLE TO HIM AND EFFICIENTLY DELIVERING PROGRAMS. HE SAID HE COULD NOT ASSURE DELEGATES THAT SITUATION WOULD IMPROVE IF THESE PROVISIONAL ARRANGEMENTS WERE
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CONTINUED AND, IN RESPONSE TO QUESTIONS, INDICATED THAT IMPLEMENTATION OF CW 212 WOULD RESOLVE CURRENT

DIFFICULTIES. HE NOTED PROVISIONAL ARRANGEMENTS CAME INTO FORCE DURING HIS ABSENCE (ON LEAVE TO HIS GOVERNMENT FOR ONE YEAR) AND HE WOULD NOT HAVE ACCEPTED THEM HAD HE BEEN PRESENT.

12. FINALLY, US DEL AND NEARLY ALL OTHERS NOW CONVINCED THAT A MAJOR SOURCE OF PROBLEM HAS BEEN RECENT ATTEMPT BY UNCTAD TO EXTEND ITS INFLUENCE OVER ITC OPERATION. HEAD OF UNCTAD TECHNICAL ASSISTANCE COORDINATING UNIT, HOUZER, STATED, TO SURPRISE OF TECHCOM, THAT HE CONSIDERED ITC AS FUNCTIONAL DIVISION OF UNCTAD. US DEL CONSIDERS THAT THERE IS AMPLE EVIDENCE OF DAMAGE TO ITC EFFICIENCY RESULTING FROM CURRENT NEW ADMINISTRATIVE ARRANGEMENTS. NUMEROUS SPECIFIC EXAMPLES CAN BE SUPPLIED BY MISSION IF NEEDED.BASSIN

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